



***Program Compliance Office
Cal Grant Program Review Report***

2003-04 Award Year

**Pepperdine University – Seaver College
Program Review ID#80501014900**

**24255 Pacific Coast Highway
Malibu, CA 90265**

Program Review Dates: 5/18/2005 - 5/19/2005

Auditor: Melanie Wong
(916) 526-8207

Report Approved by: Charles Wood, Manager
Program Compliance Office
(916) 526-8912

TABLE OF CONTENTS

	<u>Page Number</u>
AUDITOR'S REPORT	
SUMMARY.....	3
BACKGROUND	3
OBJECTIVES, SCOPE AND METHODOLOGY	4
VIEWS OF RESPONSIBLE OFFICIALS.....	5
FINDINGS AND REQUIRED ACTIONS	6
ATTACHMENT A - STUDENT SAMPLE	8
ATTACHMENT B - INSTITUTION'S RESPONSE	9

AUDITOR'S REPORT

SUMMARY We reviewed Pepperdine University – Seaver College's administration of California Student Aid Commission (Commission) programs for the 2003-04 award year.

The institution's records disclosed the following deficiencies:

- Renewal Recipients' Cal Grant Unmet Need Calculated Incorrectly or Could not be Reconstructed

BACKGROUND Through institution compliance reviews, the administration of Commission programs is evaluated to ensure program integrity with applicable laws, policies, contracts and institutional agreements as they pertain to the following grant programs administered by the Commission:

Cal Grants

A and B

The following information, obtained from the institution and Commission database, is provided as background on the institution:

A. Institution

- Type of Organization: Private Institution of Higher Education
- President: Dr. Andrew K. Benton
- School Dean: W. David Baird
- Accrediting Body: Western Association of Schools & Colleges
- Size of Student Body: 2,950

B. Institutional Persons Contacted

- Janet Lockhart: Director of Financial Assistance
- Jennifer Wilson: Senior Associate Director of Financial Assistance
- Virginia McCarron: Director of Accounting
- Linda Krukowski: Senior Accountant

C. Financial Aid

- Date of Prior Commission Program Review: June 1995
- Branches: Graduate School of Education & Psychology
Graziado School of Business & Management
- Financial Aid Programs: Federal: Family Education Loan Program, Workstudy, Pell, SEOG & Perkins
State: Cal Grant A and B
- Financial Aid Consultant: N/A

AUDITOR'S REPORT (continued)

OBJECTIVES, SCOPE AND METHODOLOGY

The purpose of our review is to provide the Commission with assurance that the institution adequately administered the Commission programs and their compliance with applicable laws, policies, contracts and institutional agreements as they pertain to the grant programs administered by the Commission.

The review focused on, but was not limited to, the following areas:

- A. General Eligibility
- B. Applicant Eligibility
- C. Fund Disbursement and Refunds
- D. Roster and Reports
- E. File Maintenance and Records Retention
- F. Fiscal Responsibility for Program Funds

The specific objectives of the review were to determine that:

- Administration systems have adequate controls to ensure that grant funds received by the institution are secure.
- Administration systems have adequate controls to ensure that grant payments are accurate, legal and proper.
- Accounting requirements are being followed.

The procedures performed in conducting this review included:

- Evaluating the current administrative procedures through interviews and reviews of student records, forms and procedures.
- Evaluating the current payment procedures through interviews and reviews of student records, forms and procedures.
- Reviewing the records and grant payment transactions from a sample of 40 students who received a total of 36 Cal Grant A awards and 4 Cal Grant B awards within the review period. The program review sample was randomly selected from the total population of 316 recipients.

The review scope was limited to planning and performing procedures to obtain reasonable assurance that Commission grant funds were administered according to the applicable laws, policies, contracts and institutional agreements. Accordingly, transactions were examined on a test basis to determine whether grant funds were expended in an eligible manner. The auditor considered the institution's management controls only to the extent necessary to plan the review.

AUDITOR'S REPORT (continued)

**OBJECTIVES,
SCOPE AND
METHODOLOGY
(continued)**

This report is written using the exception-reporting format, which excludes the positive aspects of the institution's administration of the California grant programs.

The names and social security numbers of the sample of students reviewed have been excluded from the body of this report and have been replaced by identifying numbers. Attachment A is a listing of the students by name, social security number and grant type.

CONCLUSION

In conclusion, except for the deficiencies cited in the Findings and Required Actions section of this report, the institution administrated the Commission grant programs in accordance with the applicable laws, policies, contracts and institutional agreements as they pertain to the Commissions grant programs.

**VIEWS OF
RESPONSIBLE
OFFICIALS**

The review was discussed with agency representatives in an exit conference held on May 19, 2005.

May 19, 2005

Charles Wood, Manager
Program Compliance Office

FINDINGS AND REQUIRED ACTIONS

B. APPLICANT
ELIGIBILITY:

FINDING: Renewal Recipients' Cal Grant Unmet Need Calculated Incorrectly or Could not be Reconstructed

A review of 23 renewal Cal Grant student files disclosed 14 cases where the reported unmet need was calculated as Cost of Attendance (COA) minus the Expected Family Contribution (EFC) only and 1 case where the reported unmet need could not be reconstructed

DISCUSSION:

For renewal students, schools must calculate a student's annual unmet need as a full-time student and report that figure to the Commission, retaining the supporting documentation within the student's record. Schools may use the Commission's annually established student expense budget or the school may adopt its own student budget for determining renewal financial eligibility provided the budgets do not exceed those used for campus-administered aid. The school must report the resulting net unmet need amount on the Grant Roster or the Commission G-21 letter. Net unmet need is defined as the Cost of Attendance (COA) minus the Expected Family Contribution (EFC) and Pell grant.

The reported unmet need for student Nos. 4, 6, 8, 11, 13, 14, 21, 22, 24, 27, 29, 30, 34, and 40 was calculated as COA-EFC only. Additionally the reported unmet need for student No. 17 (\$11,259) could not be reconstructed from information in the student's file.

REFERENCES:

Higher Education Act, Part F – Need Analysis
Cal Grant Manual, June 1997, Chapter 4, page 4-3
Cal Grant Manual, June 1997, Chapter 5, pages 5-2, 5-8, 5-15 and 5-16
Cal Grant Manual, November 2003, Chapter 6, pages 3-4

REQUIRED ACTION:

Although no liability resulted due to the institution's high cost of attendance and need, the institution must submit in response to this report, the procedures implemented to ensure that the reported unmet need reflects the recipient's **annual need as a full-time student** for the award year.

INSTITUTION RESPONSE:

Pepperdine University, Seaver College Office of Financial Assistance will calculate unmet need as Cost of Attendance (COA) minus Expected Family Contribution (EFC) minus Pell. We will also retain supporting documentation within the student's record regarding the unmet need calculation. We have created a report for Web grants that will be used to verify the unmet need for renewal recipients once the awards are confirmed each semester.

FINDINGS AND REQUIRED ACTIONS (continued)

Even though no liability resulted in this finding we have taken this very seriously and will comply with the above policy regarding the calculation of unmet need.

AUDITOR REPLY:

The institution submitted procedures to ensure that the reported unmet need is calculated correctly (COA-EFC-Pell) and reflects the recipient's annual need as a full-time student for the award year. This action is deemed acceptable and no further action is required.

ATTACHMENT A - STUDENT SAMPLE

<i>ID</i>	<i>Student Name</i>	<i>Program & E/C</i>	<i>New/Renewal</i>
-----------	---------------------	--------------------------	--------------------